



A Fresh Look at Online Food Delivery and Grocery Trends





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The new normal



The world is experiencing a digital shift, with everyday chores and activities being completed with the help of apps and online platforms. In our busy day-to-day lives, we're finding that what used to take getting into a car and driving to a store can now be ordered and paid for through an app with the swipe of a finger. This is especially true in the grocery and food industries.

Over the past several years, we've seen the rise of options like buy online, pick-up in-store (BOPIS), meal kits, and replacement shopper services that deliver meals and groceries right to our doorsteps. Add a global pandemic, and we see a more bolstered push towards online grocery shopping and food delivery.

To help illustrate this new digital and delivery-based landscape, PayPal commissioned the Maru Group to conduct a study focused on understanding consumer trends in the space. The study included 1,000 participants in the United States who were household decision makers and who ordered groceries, meal kits and/or food delivery online. It provides fresh insights into consumer behaviors and how grocery and food delivery enterprises may be able to turn challenges into opportunities.



2

The evolving grocery and food landscape

The 2020s marked a new chapter in the food and grocery industry – one characterized by disruption in how business is conducted and how consumers want to be reached. This chapter may be here to stay.

Grocers are now competing with big-name one-stop shops, like Amazon and Walmart, that have far more than just food and beverages to offer. These brands have loyal customers and are looking for new ways to offer even greater convenience.

New omnichannel and working models are emerging in the food and grocery industry, like dark stores, pickup hubs, and buy online, pickup in-store (BOPIS). Grocers now must invest heavily in new ways of doing business to retain shoppers, grow their business, and help protect their margins.

New technological innovations are also paving the way for a new customer experience, where shoppers can use mobile apps and internet-enabled devices to take advantage of promotions and a more convenient experience.

In this new hyper-competitive chapter, the traditional grocery shopping process can be outsourced – and some consumers are already doing so. Of those surveyed, 76% have purchased groceries online for home delivery or BOPIS, and 49% feel that shopping online for groceries helps save time.*



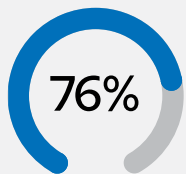
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Digital-savvy consumers use digital-savvy services

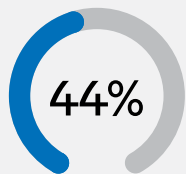
Many consumers now demand digital options for their everyday activities and needs. Contactless payment technologies, like QR codes, are a must to reach and retain the

digital-savvy shopper: 17% of surveyed shoppers have used QR codes for payments and 86% of those who have used QR codes for payments indicate they will continue doing so.*

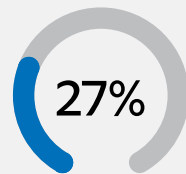
The shoppers of today may now demand a digitally enabled experience to meet their need for convenient, time-saving food options:*



of surveyed shoppers have purchased groceries online for home delivery or BOPIS.



of surveyed shoppers have ordered meal kits and food for delivery online.



of surveyed shoppers have taken advantage of fast or same-day delivery.

PayPal's research also showed that digital options like these may be here to stay:*



73% of surveyed respondents who shopped for groceries online will continue doing so.

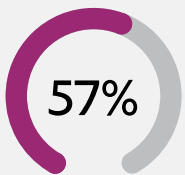


80% of surveyed respondents who used quick delivery will continue doing so.

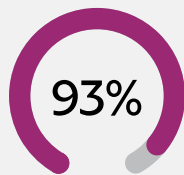


82% of surveyed respondents who tried BOPIS will continue doing so.

As part of this digitally-enabled experience, shoppers seemingly want to use online payments for their shopping needs:*



of surveyed shoppers have used online payments (e.g. Apple Pay, Amazon Pay, Google Pay, PayPal).



of surveyed shoppers who used online payments will continue doing so in the future.

As today's shoppers continue on their digital journey in their daily lives, companies must

reach them where they are in the digital world and cater to their preferences.

4

Factors influencing the consumer digital shift



Consumer behavior towards online grocery shopping revolves around convenience, budget and affordability, and health and environmental consciousness.



Convenience and comfort

Online shopping is convenient and time-saving: 49% of those surveyed feel that shopping online for groceries helps save time.* Shoppers surveyed also expressed some discomfort with in-person shopping: 22% don't feel comfortable using cash or touching a keypad to enter a PIN and 43% don't feel comfortable shopping in crowds.*

Increasing focus on affordability

Budget-conscious consumers are also spending time and energy to save money: 54% of shoppers surveyed will spend time looking for the best deals offered by multiple providers for both food and grocery orders, and 55% consolidate purchases into one large order to minimize spend on delivery fees.* Additionally, 57% of shoppers surveyed purchase store brands because they are offered at a cheaper price.*



Environmental and health consciousness

Some consumers are seeking sustainable and organic options, perhaps driven by health concerns due to the global pandemic. Of those surveyed, 48% look for products that are sustainably sourced and environmentally friendly, and 36% prefer to shop where there are more organic choices.*



5 Challenges and barriers for online ordering and delivery

While their habits may be shifting, shoppers surveyed noted three main challenges for online grocery, meal kits, and food delivery: food quality, delivery fees, and the inability to use their preferred payment method.

The biggest challenges for online grocery are around quality and the experience of picking food, with 89% saying they would like to see the food before deciding whether to buy it, 85% feeling grocery shopping in-person jogs their memory about products needed, and 82% concerned they may not get the freshest produce.*

Delivery fees can also be an obstacle for some surveyed consumers: 79% don't shop online for groceries because delivery fees are too high, while 84% feel that food delivery fees from restaurants and meal services are too high.*

Consumers also may want to use their preferred payment methods when shopping for groceries and meals. About one in five shoppers surveyed have tried to make online grocery purchases or order online food delivery, but the website or app would not accept their preferred payment method.* Trust is also a factor: 52% worry about making online payments and sharing financial information.*



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Put the world of PayPal to work for you



There's no doubt that digital options are gaining popularity and creating opportunities for the food and grocery sector to deliver directly to their customers. Overall, consumers are increasingly using digital payments alongside online grocery shopping and food delivery.

However, the food and grocery industry faces new challenges, which may require a hard look at their digital commerce strategies. Change is never easy – knowing what to invest in, and when, can be challenging when balancing immediate needs and long-term success. As the industry itself digitally upskills and evolves, grocers need commerce solutions that scale, grow, and evolve with their business.

Businesses need a partner in commerce that understands the connection between customer experience and backend infrastructure, and the need to optimize both. One that is a single point of entry to a robust, end-to-end portfolio of digital payment solutions and to a strong consumer network that can help maximize the value of their investment and stay agile, whatever may come.

PayPal allows for customer-focused payment options and is one of the top three payments used for online grocery shopping among those who were surveyed – about four times more than Amazon Pay or Apple Pay.* Offering different and preferred payment options can help reduce cart abandonment and drive customer conversion, meaning more happy shoppers using online grocery and food delivery services.

With over 20 years of experience and more than 3 trillion transactions processed, PayPal has the know-how that may help your business thrive. See how PayPal's flexible stack of payment solutions can help you grow your business and optimize your operations.

Contact us today to get your complimentary digital payments analysis and put the world of PayPal to work for you.

Let's talk

* Maru Group, commissioned by PayPal, October 28 - November 5, 2021. The study conducted by Maru Group via an online survey among 1,000 participants in the US who were household decision makers who ordered their groceries online and/or ordered meal kits or food online from restaurants. Base: n=1,000.